

EXHIBIT F

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**Urban Partnership Agreement
by and between
U.S. Department of Transportation
and its
New York City Urban Partner**

Executive Summary

This Urban Partnership Agreement sets forth an agreement in principle between the U.S. Department of Transportation (the "Department") and the Department's New York City Urban Partner, comprised of the New York City Department of Transportation ("NYC DOT"), the New York Metropolitan Transportation Authority ("MTA"), and the New York State Department of Transportation ("NY DOT"). On June 22, 2007, NYC DOT, MTA, and NY DOT submitted an application (the "Mayor's Plan") to the Department's Urban Partnership Program. Thereafter, the New York State legislature established a commission to develop a plan to address traffic congestion in New York City.

In the event the New York State legislature enacts and the New York City Council approves the Mayor's Plan, the Urban Partner agrees to undertake the following actions: (i) institute a broad area pricing system in Manhattan south of 86th Street; (ii) construct new transit facilities, including two bus depots, a bus lay-up facility, park-n-ride facilities, and pedestrian improvements; (iii) construct a series of bus rapid transit ("BRT") and/or bus-based corridors; (iv) implement transit technologies, including Transit Signal Priority leading to and in selected Manhattan transit corridors; (v) make improvements to regional ferry service; (vi) collect and analyze transportation data to support the West of Hudson regional transportation analysis; (vii) construct an East River bus lane; and (viii) purchase and operate additional buses to meet the mobility needs of New York City. In exchange for these commitments, the Department intends to allocate \$354.5 million in Federal grant funding for actions (i) through (vi), according to the terms of a grant agreement (or a series of grant agreements) to be negotiated by the Department and the Urban Partner. The Urban Partner will be responsible for funding actions (vii) and (viii).

In the event the New York State legislature enacts and the New York City Council approves an alternative congestion mitigation plan for New York City, no Federal assistance will be provided in connection with the Urban Partnership Program, unless such plan is, in the opinion of the Department, reasonably projected to achieve material reductions in traffic congestion within New York City by means of congestion pricing and provides bus service sufficient to meet the mobility needs of New York City.

In either case, the Urban Partner agrees that all elements of the congestion mitigation plan will be operative not later than March 31, 2009.

THIS MEMORANDUM OF UNDERSTANDING (this "MOU"), dated as of August 8, 2007, is made by and among the Secretary of Transportation (the "Secretary"), the Federal Highway Administration ("FHWA"), the Federal Transit Administration ("FTA"), the Research and Innovative Technology Administration ("RITA") (the Secretary, FHWA, FTA, RITA, collectively, the "Department"), and the undersigned State, county and/or municipal governmental entities, as the case may be (collectively, the "Urban Partner").

Agreement in Principle

1. Agreement in Principle. This MOU sets forth an agreement in principle among the undersigned concerning the terms and conditions of Federal assistance to be provided by the Department for the transportation projects described herein. This MOU represents solely the intent of the parties (including, without limitation, the intent of the Department to allocate funds as set forth in Section 4(a) below), and no party shall be legally bound hereby. Any agreement between the Department and the Urban Partner concerning funding of the transportation projects described herein shall be set forth in a grant agreement (or a

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series of grant agreements) (the "Grant Agreements") to be negotiated and executed by the parties to this MOU. The Department reserves the right, in its sole discretion, not to fund the transportation projects (or any part thereof) described in this MOU or otherwise set forth in the application filed by the Urban Partner to the Urban Partnership Program. The parties understand that no Federal assistance will be provided to NYC DOT, MTA or NY DOT in connection with the Urban Partnership Program unless and until the New York State legislature enacts and the New York City Council approves either (i) the Mayor's Plan or (ii) an alternative congestion mitigation plan for New York City acceptable to the Department in its sole discretion.

2. Background. Transportation system congestion is one of the greatest threats to our Nation's economic prosperity and way of life. Whether it takes the form of trucks stalled in traffic, cargo stuck at overwhelmed seaports, or airplanes stuck on the tarmac, congestion costs the Nation an estimated \$200 billion a year. The problem of traffic congestion in our major metropolitan areas in particular is severe and worsening. In 2003, traffic jams in the Nation's largest 85 urban areas cost Americans 3.7 billion hours and 2.3 billion gallons of fuel. Congestion is also affecting the quality of life in America by robbing us of time that could be spent with families and friends and in participation in civic life.

The signatories to this MOU do not believe that gridlock is our inevitable fate. In May 2006, the Department announced a major initiative to reduce transportation system congestion. This plan, the *National Strategy to Reduce Congestion on America's Transportation Network* (the "Congestion Initiative"), provides a blueprint for Federal, State, and local officials to consider as they work together to reverse the alarming trends of congestion. One major component of the Congestion Initiative is the Urban Partnership Agreement (or "UPA"). As announced in the Department's solicitation for Urban Partners published in the Federal Register on December 8, 2006 (at 71 FR 71231 (2006)) (the "Federal Register Notice"), applicants designated by the Department as Urban Partners would adopt the "Four Ts:" tolling (congestion pricing), transit, telecommuting and technology – strategies believed to be effective on a combined basis in reducing traffic congestion. In return for such commitment, the Department, to the extent requested and appropriate, would support its Urban Partners' implementation of the Four Ts with financial resources, regulatory flexibility, and dedicated expertise and personnel.

3. Designation as Urban Partner. In accordance with the Federal Register Notice and for purposes of this MOU, the Department designates each of the following entities, collectively, as an "Urban Partner:"

- (a) New York City Department of Transportation;
- (b) New York Metropolitan Transportation Authority; and
- (c) New York State Department of Transportation

4. Grant Agreements for Mayor's Plan. In the event that the New York State legislature enacts and the New York City Council approves the Mayor's Plan, the Department and the Urban Partner agree to negotiate a grant agreement (or a series of grant agreements) that would reflect the following terms and conditions:

- (a) **Federal Projects and Sources of Funding.** The Department shall provide funding for each of the following projects (the "Federal Projects") under the Federal programs and in the amounts provided below, in each case subject to the statutes, regulations and the implementing guidance of the Department governing such programs and subject to the Urban Partner's agreement to commence the Local Projects set forth in Section 4(b):

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Project	Source of Funding	Amount of Funding
<i>Tolling (congestion pricing) projects</i>		
<ul style="list-style-type: none"> • Area pricing of Manhattan. The Urban Partner will institute a broad area pricing system in Manhattan south of 86th Street (the "pricing zone"), as described in New York City's UPA application. This system will charge vehicles a toll rate for entering or exiting the pricing zone and a toll rate for driving within the zone. The system shall achieve at least a 6.3% reduction in vehicle miles traveled ("VMT") within the pricing zone. The system shall be in operation – and shall maintain the 6.3% reduction in VMT – for no less than eighteen months. 	<ul style="list-style-type: none"> • FHWA's Value Pricing Pilot Program (VPPP) 	<ul style="list-style-type: none"> • \$5.0 million in funds appropriated when needed and available, but in any event no later than the end of Fiscal Year 2009; funding subject to appropriation
	<ul style="list-style-type: none"> • RITA's Intelligent Transportation Systems Operational Testing to Mitigate Congestion (ITS-OTMC) Program 	<ul style="list-style-type: none"> • \$5.4 million in funds appropriated when needed and available, but in any event no later than the end of Fiscal Year 2009; funding subject to appropriation
<i>Transit projects</i>		
<ul style="list-style-type: none"> • Transit facilities. The Urban Partner will (i) construct all or part of the Charleston Annex and Jamaica bus depots and a bus lay-up facility, (ii) construct new or enhance existing park-n-ride facilities, and (iii) implement pedestrian improvements for sidewalks and safe routes to transit. • Transit technology. The Urban Partner will implement Transit Signal Priority and advanced solid-state controllers ("ASTC") at no less than 223 intersections in selected transit corridors leading to or in the Manhattan core. 	<ul style="list-style-type: none"> • FTA's Bus and Bus-Related Facilities Discretionary Grant Program ("Section 5309") 	<ul style="list-style-type: none"> • \$213.6 million in funds appropriated for Fiscal Year 2006 or Fiscal Year 2007 (to be allocated in amounts pro rata for the project elements set forth in the Urban Partner's application to the Urban Partnership Program)
<ul style="list-style-type: none"> • Bus projects. The Urban Partner will construct a series of bus rapid transit ("BRT") and/or bus-based corridor projects that support either the Mayor's Plan or an alternative congestion mitigation plan acceptable to the Department. The Department will reserve through the end of Fiscal Year 2009 for the funding of such projects \$112.7 million in New Starts funds appropriated for Fiscal Year 2007. Such funds will be made available to the New York City Department of Transportation (or its designee) for such projects, provided that the projects (and the project sponsor) satisfy applicable New Starts criteria and other programmatic requirements. The Department will use its reasonable best efforts to render decisions on funding such projects prior to the expiration of the exemption from certain New Starts rating criteria available to otherwise qualified projects that receive less than \$25 million in New Starts funding. 	<ul style="list-style-type: none"> • FTA's New Starts Program (including the Small Starts and Very Small Starts Programs) 	<ul style="list-style-type: none"> • \$112.7 million in funds appropriated for Fiscal Year 2007
<ul style="list-style-type: none"> • Improvements to regional ferry service. The Urban Partner will carry out a number of projects to improve regional ferry boat service, as described in applications filed for funding under FHWA's Ferry Boat Discretionary Program. 	<ul style="list-style-type: none"> • FHWA's Ferry Boat Discretionary Program 	<ul style="list-style-type: none"> • \$15.8 million in contract authority funds made available for obligation for Fiscal Year 2007
<ul style="list-style-type: none"> • Collection and analysis of Alternatives Analysis transportation data. The Urban Partner will support the Alternatives Analysis phase for the West of Hudson Regional Transportation Alternatives Analysis/Draft Environmental Impact Statement by collecting and analyzing data on transit ridership patterns, travel times, and mode preference. 	<ul style="list-style-type: none"> • FTA's Alternatives Analysis Discretionary Program 	<ul style="list-style-type: none"> • \$2.0 million in funds appropriated for Fiscal Year 2006 or Fiscal Year 2007

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- (b) **Local Projects to be Implemented by Urban Partner.** In connection with the implementation of the Federal Projects, the Urban Partner shall agree to commence the following projects (the "Local Projects") to meet the mobility needs of New York City:
 - (i) The purchase and operation of up to 367 new transit buses of various types, including express, standard, and articulated, to meet a service plan to be submitted by MTA; and
 - (ii) The construction of an East River bus lane.
- (c) **Completion of Projects.** Unless otherwise agreed by the Department and the Urban Partner, both the area pricing system and the bus service necessary, in the reasonable opinion of the Department, to meet the mobility needs of New York City shall be operative not later than March 31, 2009. The bus service shall be in operation in advance of the initiation of area pricing. In the event that the action(s) funded in connection with the Urban Partnership Agreement experience delay due to circumstances beyond the control of the Urban Partner, the Department may either negotiate an extended completion date or terminate the action(s).
- (d) **Other Terms and Conditions.** Each of the Grant Agreements shall additionally provide that:
 - (i) Except \$1.6 million in funds allocated to the Urban Partner under the Value Pricing Pilot Program for project planning and development, no funds obligated by the Grant Agreements shall be drawn down by the recipient unless and until all legal authority necessary to implement each of the Federal Projects (including, without limitation, legal authority to implement congestion pricing) has been duly adopted and taken effect, which authority shall be adopted and in effect within 90 calendar days following the opening of the next session of the New York State legislature;
 - (ii) No funds obligated by the Grant Agreements shall be drawn down by the recipient unless and until each member of the Urban Partner with the authority to toll has agreed to exempt privately operated over-the-road buses from tolls to the same extent it has exempted (or proposes to exempt) public transportation from tolls in connection with the Federal Projects;
 - (iii) The Department reserves the right to de-obligate funds obligated under any of the Grant Agreements (or to require the return of such funds) in the event a recipient breaches or otherwise fails to perform under any of the Grant Agreements;
 - (iv) The recipient shall not assess congestion charges against any vehicles owned or operated by any foreign government or international organization or its representatives, officers, or employees if notified by the U.S. Department of State that, pursuant to U.S. international legal obligations, the vehicles are exempt from such charges;
 - (v) The recipient makes customary representations to the Department that the Federal Projects comply with all applicable Federal, State and local laws;
 - (vi) The recipient agrees to provide to the Department (and its designees) access to the Federal Projects and all data collected by the recipient with respect to the

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Federal Projects for purposes of the Department's oversight of the Federal Projects;

- (vii) To the extent requested by the Department, the recipient agrees to designate an independent third party to perform all program evaluations required by law or as reasonably directed by the Department in order to assist in the evaluation of the Federal Projects; and
 - (viii) An amount equal to the funding provided by the Department through the New Starts Program in connection with the Urban Partnership Program shall be expended by New York City in support of the Mayor's Plan (including, without limitation, for the acquisition of technology associated with the implementation of area pricing).
- (e) **Actions Prior to Execution of Grant Agreements.** Prior to the execution of the Grant Agreements, the Department shall have received the following, in addition to usual and customary deliverables:
- (i) New or amended applications to FHWA's Ferry Boat Program and FTA's New Starts Program (including the Small Starts and Very Small Starts Programs), as required by the Department; and
 - (ii) An opinion of counsel, satisfactory in form and substance to the Department, concerning the Federal Projects.

5. Grant Agreements for Alternative Plan. In the event that the New York State legislature enacts and the New York City Council approves an alternative congestion mitigation plan, the Department and the Urban Partner agree to negotiate the funding of such plan if it:

- (a) Is reasonably expected to reduce average vehicle miles traveled by at least 6.3 percent across a geographic area of similar size and travel characteristics to the area proposed for pricing under the Mayor's Plan;
- (b) Uses pricing as the principal mechanism for achieving this congestion reduction;
- (c) Includes at least an eighteen month operation of congestion pricing;
- (d) Provides bus service sufficient, in the reasonable opinion of the Department, to meet the mobility needs of New York City, with bus service in operation in advance of the initiation of pricing;
- (e) Will be implemented by the deadlines for project completion specified in section 4(c);
- (f) Is subject to a grant agreement (or series of grant agreements) that contains the terms set forth in section 4(d), except for the terms set forth in section 4(d)(viii);
- (g) Requires that an amount equal to the funding provided by the Department through the New Starts Program in connection with the Urban Partnership Program shall be expended by New York City in support of such plan (including, without limitation, for the acquisition of technology associated with the implementation of area pricing); and
- (h) Is otherwise acceptable to the U. S. Secretary of Transportation.

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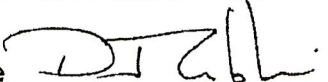
6. Non-Disclosure. Prior to the public announcement of the Urban Partner by the U.S. Secretary of Transportation, the undersigned agree not to disclose the contents hereof to any third party, except by written agreement of the Department or as required by law.

[Signatures appear on the following page.]

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United States Department of Transportation

Signature  Date 9/6/07

D. J. Gribbin, General Counsel, United States Department of Transportation

Signature  Date 9/5/07

J. Richard Capka, Federal Highway Administrator

Signature James S. Simpson Date 9-05-07

James S. Simpson, Federal Transit Administrator


Signature Paul R. Brubaker Date 9/8/07

Paul Brubaker, Research and Innovative Technology Administrator

Urban Partner

Signature  Date 9/26/07

Astrid C. Glynn, Commissioner, New York State Department of Transportation

Signature  Date 9/20/07

Janette Sadik-Khan, Commissioner, New York City Department of Transportation

Signature  Date 9/24/07

Elliot G. Sander, Executive Director and CEO, Metropolitan Transportation Authority